

- NAB, Trends in Radio Station Sales: 1993-95, from M Street Journal, September 27, 1995.

TOPIC: CHILDREN'S PROGRAMMING/NICHE PROGRAMMING

"It is a format for the top 100 markets. It doesn't mean that somebody in a smaller market can't make money with it, but we really don't want to go much deeper than 100. As you say, it is something that needs a large population to support it. When we deliver 8,000 to 10,000 kids to an event, the local advertisers say 'We know somebody is listening to this and something must be working' I don't think you can do that in a small market."

* * *

". . . there isn't any reason why this has to be a local format. Kids don't care whether Nickelodeon comes from Orlando or from New York They understand that media is more national than local. Broadcasters always want to localize satellite formats as much as they can, but you really don't have to do that with Radio AAHS."

- Christopher Dahl (Formed Radio AAHS in 1990. The only national radio network devoted exclusively to programming to children. There are currently 26 affiliate stations.) From Radio Ink, September 18 - October 1, 1995.

TOPIC: UNIVERSAL ACCESS

"Laws ensuring universal service can militate against networks creating classes of information haves and have nots."

- Economist, February 12, 1994.

TOPIC: FCC GOALS

"The new chairman of the Federal Communications Commission said the two main themes of his tenure will be to promote growth in the communications sector and to ensure all Americans access to telecommunications services."

- Wall Street Journal, day after Reed Hundt was sworn in.

TOPIC: NEXT GENERATION CD QUALITY

"Nearly lost in the movie orientation of these auspicious developments are the new disk's staggering implications for music recording. Enthusiasts speak of a 'super audio CD' that would far outstrip the present compact disk, with its 16-bit format and 44,000 Hz sampling frequency. The new superdisk promises the first 20-bit recording at a sampling rate of 96,000 Hz, with full-range uncompressed five-channel discrete surround sound."

- Lawrence B. Johnson, New York Times, September 10, 1995 in an article about the new digital video disks developed by Toshiba-Time Warner and Philips-Sony.

TOPIC: COMPETITION (TOO MANY SATELLITE DARS PROVIDERS)

"Nobody would ever spend their own resources to produce a new idea if they didn't have some monopoly power over it."

- Paul Romer "New Growth Theory," Forbes ASAP, June 5, 1995, p. 70.

"The promise of monopoly power spurs entrepreneurs to their best efforts."

— Joseph Schumpeter, Forbes ASAP, June 5, 1995, p. 69.

". . . if Clear Channel did own all 28 stations there [San Antonio], there would be more diversity because there wouldn't be four country stations. There would be only one."

— Lowry Mays (Clear Channel President)

"The consumer wants diversity of programming, not diversity of ownership," Mays said, quoting FCC Commissioner Andrew Barrett.

— Broadcasting & Cable, October 2, 1995.

TOPIC: AL GORE ON THE "I-WAY"

"Each industry is trying to enter new markets while keeping competitors out of its own old market. The motto seems to be, 'What's mine is mine - what's yours is negotiable.'"

MY COMMENT: This is why the NAB wants to reopen the Satellite DARS application process.

"Consumers want to ensure that they are not disadvantaged by the change that does come to them - that they do not find the cost of being in the game rising constantly with little benefit to justify it and no increase in the quality of play."

MY COMMENT: Supports a free, high quality service proposed only by Primosphere.

"We need to listen carefully to the voices of industry, but at the end of the day we must ensure that the marketplace favors real competition - which is after all never without risk - not only the desires or well-being of a particular competitor."

MY COMMENT: Supports Satellite DARS as a radio competitor despite risk to local radio.

"No team should be allowed to bring in ringers or begin with unfair advantages gained from previous monopolistic positions and practices, and no team should be allowed to unduly slow or complicate play."

". . . regulatory delay must never be permitted to become a tactic of private competitive advantage."

MY COMMENT: Argues against NAB delaying tactics and attempts to strangle new service with regulations.

— Forbes ASAP, June 5, 1995, pp. 112-115.

**UNTANGLING WIRES: TELECOMMUNICATIONS, LIKE POLITICS, IS LOCAL, THE
LOCALS ARE SAYING**

"Already, though, there are fewer local news broadcasts in Richmond. After a wave of radio station buyouts in the early 1990s, only one now has a substantial news staff."

— Wall Street Journal, August 3, 1995, p. 5.

OpenMike

In praise of satellite DAB

EDITOR: I am writing concerning the radio industry's opposition to satellite digital audio broadcasting perceiving it as a threat to local radio service. Your Feb. 8 article quoted the National Association of Broadcasters praising the diversity available from commercial stations in the U.S. today. I maintain the diversity on commercial radio—particularly on FM—has been declining and is currently limited in most markets to a number of variations on a theme of rock music and very little else.

Thirty years ago, there were fewer than 1,000 commercial FM stations on the air nationwide, yet there were many different formats available—instrumental easy listening, instrumental and vocal easy listening, classical, light classical, country, top 40, soul, news-talk, vocals, traditional jazz, Broadway and movie music, Spanish language, etc. Today,

most of these formats have disappeared from the commercial dial; in many markets several formats have to be block programed onto a single noncommercial station if they are to exist at all. Despite the current nationwide count of nearly 7,000 FM stations, in many cities virtually all stations tend to be one form of rock music or another (light rock, easy rock, adult rock, album-oriented rock, classic rock, urban rock, progressive rock, country rock, and others, often with a foul-mouth announcer or two thrown in). There is no commercial classical, jazz, easy listening, or even traditional country outlet. Many stations have dropped such formats in order to carry some form of rock.

Indeed, FM has become the "vast wasteland"—a term used in 1961 by then FCC Chairman Newton Minow to describe television programming. The explosive growth of the cable TV industry saved television as a medium for those who seek diversity, and gave it more variety and quality than it ever had. Industry figures show broadcast TV viewing among adults declined about 200 hours per capita between 1986 and 1991, while cable network viewing went up 200 hours.

I hope that DAB can get launched soon (preferably with more than 50 mhz of bandwidth allocated for the service) in order to provide competition to cable-provided digital audio at home, and to let those in their automobiles, those whose cable operators do not offer digital audio, and residents in rural areas or others living beyond the reach of cable to have the diversity now available from the likes of Digital Music Express and Digital Cable Radio. I fear radio broadcasters who can't compete in a world with digital cable and satellite audio will react as TV broadcasters did to cable—first trying to block it, and (when that failed) crying for must-carry status.—*Earl F. Mellor, Arlington, Va.*

Commentary

U.S. Must Protect Jazz, Its 'Classic' Music Form

■ BY YUSUF GANDHI

The article "Hip Jazz Boosts Adult Alternative Radio" (*Billboard*, April 15) may have delighted some jazz/AC format proponents, but to a lot of contemporary jazz musicians and fans, it spelled disenchantment with current radio trends.

According to comments in the article, it seems that some programmers and consultants no longer perceive jazz as a valid art form, but as a mere "chart" form. No wonder some of the greatest artists of our time are not receiving the airplay they deserve.

Jazz has evolved through the years, with artists drawing on their experiences and the sounds of their environments. In the late '60s and early '70s, artists such as Miles Davis, the Crusaders, Ramsey Lewis, Chick Corea, Herbie Hancock, Weather Report, John McLaughlin, and others evolved their jazz stylings using rock/R&B elements to create what is referred to as "fusion" or "contemporary jazz."

This gave rise to stations such as WRVR New York, which played a variety of jazz music and presented the opportunity to listen to a wide spectrum of music and artists. This in turn generated record sales not only for contemporary artists, but for traditional musicians to whom the baby boomer audience could listen for the first time.

However, in the early '80s, major corporations started to buy out these stations and converted their formats to cater to popular music forms.

Contemporary jazz artists saw a ray of hope in the late '80s, when the format was revived as jazz/AC, which encompassed, once again, a wide variety of contemporary jazz artists. But these stations have now shrunk their formats, eliminating the creative musicians who have been on the cutting edge of the ever-evolving contemporary jazz circuit. In fact, the jazz/AC format has become akin to soft AC formats. A host of pop artists are being passed off as "smooth jazz," which is misleading to baby boomers, who are completely unfamiliar with the artists who established this genre.

One of the strangest phenomena I have come across in my experience with jazz/AC formats is the negation of some recent jazz recordings, which are called too "urban." That does not make sense, since jazz was created in urban environments (New Orleans, New York, Chicago). If by "urban" the stations mean "black," then I cannot understand their reason for playing artists such as Luther Vandross, Anita Baker, and even Michael Bolton (whose songs manifest the traditions of soul music).

Creativity is the essence of jazz music. To expect jazz artists to format their music to fit jazz/AC stations is in effect restricting creativity. One understands the financial aspects of jazz/AC stations tightening their formats. However, their programmers and consultants seem to underestimate the intelligence of adult listeners.

Money cannot always be the bottom line for radio stations. They have a duty to educate and inform their listeners. Why can they not have a couple of hours a day of contemporary cutting-edge music, which would give listeners an insight into not only the veteran innovators, such as Herbie

Hancock, Chick Corea, and others mentioned earlier, but also the wealth of younger talent, such as Kenny Garrett, Roy Hargrove, and Dianne Reeves.

Radio is not the only culprit. The government, industry foundations such as

European governments spend a greater percentage of their cultural budgets to support their local jazz artists than does the U.S. government.

Politicians now want to cut funding to public radio—the only outlet remaining for traditional jazz.

The U.S. government and so-called benevolent foundations spend more dollars promoting performances by philharmonic orchestras (which play the music of European composers) than they do jazz music. A small fortune was spent at the World Cup in Los Angeles to present the 3 Tenors. Was there no comparable talent of American music available in the U.S.? Is the slogan "Be American, Buy American" limited to the automobile industry? (The Japanese seem to respect and listen to more jazz music than do Americans.)

Unless radio, the government, the various foundations, and record labels jointly pool their resources and act expediently, we will kill America's only true classical music form—jazz.



'Is "Be American, Buy American" limited to the auto industry?'

Yusuf Gandhi is president/CEO of Hip Bop/Blive Screen Records America Inc., New York.

NARAS, and some major labels have almost ignored the contributions of contemporary jazz musicians. A few years ago, I was appalled to learn that some of the Eur-

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Boosted by economy and anticipation of deregulation, average price up 46%

Radio stock prices in the first six months of 1995 have paced well above the market average, spurred by declining interest rates, healthy advertising revenue and the prospect of deregulation of the industry.

"Clearly, the radio group is reacting favorably to the anticipation of deregulatory events as part of the telcom bill," says broadcast analyst Drew Marcus of Alex. Brown & Sons.

DeMott predicts that radio stock prices will rise slightly for the rest of 1995: "These stocks should do no worse than the market overall and will probably come out ahead of the market."

[illegible]

Clear Channel Communications stock, for example, traded at \$61 per share on June 9 and at \$64 per share one week after the vote. Likewise, shares of Infinity Broadcasting Corp. traded at \$30.25 on June 9 and at \$34.50 on June 16.

"It is very rare that stocks will move in the opposite direction in the face of a deregulation," Marcus says. "Under a deregulatory environment, you'll see massive consolidation in the industry [that] will be good for stock prices." He added that after the Congress approved duopoly in radio ownership in September 1992, the consolidation that followed spawned stock price increases among the radio groups that traded publicly.

Analysts also have speculated that radio advertising may be bolstered during the last half of 1995 with ads for the 1996 summer Olympics and political ads for the 1996 presidential election, which may keep revenue growth strong. ■

by James H. Duncan, Jr.

August 1995

REVISED 1995 (PRO FORMA) GROUP REVENUE ESTIMATES

The ink was barely dry on my new edition of Duncan's Radio Group Directory when three major deals were announced or are rumored to be imminent. The announced deal was the Evergreen acquisition of Pyramid for about \$319,000,000 (a figure which includes working capital). The deal which appears imminent is the Westinghouse bid for CBS. The amount paid for CBS's radio stations would be about \$800,000,000 or so. The other pending deal is for

Chancellor to acquire Shamrock for around \$400,000,000.

If all these dogs catch all these rabbits (and further deregulation allows them to keep all the rabbits they catch) the 1995 group rankings should look something like this:

continued on next page

Estimates Continued. . .

1993 RANK	1994 RANK	1995 RANK	GROUP	STATIONS	EST. 1995 STATION REVENUE
(4)	(4)	1.	Westinghouse (w/CBS)	39	\$509,300,000
(1)	(1)	2.	Infinity	27	361,000,000
(3)	(3)	3.	Capital Cities/ABC/Disney	21	273,300,000
(7)	(6)	4.	Evergreen (w/Pyramid)	34	265,200,000
(-)	(25)	5.	Chancellor (w/Shamrock)	33	185,200,000
(6)	(5)	6.	Cox	15	145,900,000
(15)	(9)	7.	Clear Channel	36	136,600,000
(11)	(8)	8.	Jacor	26	130,000,000
(8)	(7)	9.	American Radio Systems	27	122,400,000
(9)	(10)	10.	Viacom	12	120,000,000
(18)	(13)	11.	Bonneville	17	117,500,000
(21)	(17)	12.	Emmis	8	110,000,000
(10)	(12)	13.	Susquehanna	16	104,600,000

Also the following groups have a chance of billing over \$100,000,000 during 1995 if they have a superb year or if they make any further acquisitions during the rest of the year: EZ, Gannett and Citicasters.



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DUNCAN'S RADIO COMMENTS . . .

March 1995
Issue #9

by James H. Duncan, Jr.

DUOPOLIES IN INDIVIDUAL RADIO MARKETS ANALYSIS #3 (FALL 1994 RATINGS)

This is my third analysis of the impact of duopoly upon individual radio markets. The first was published in February 1994 after the Fall 1993 rating books. This analysis uses the Fall 1994 Arbitrons.

Before moving on to my key findings it is important that you read and understand the boilerplate. Markets included in this study are 144 Arbitron markets which are surveyed in both the Fall and the Spring Arbitrons. The study uses revenue estimates for 1994 from Duncan's Radio Market Guide and audience estimates for Fall 1994 from Arbitron. Duopolies included in this report are those which were closed or announced by mid-February 1995. The study assumes that those announced by that date will indeed close. Since some of the duopolies were not in place throughout calendar 1994 the revenue estimates are pro forma. This study does not include LMA's, SMA's, etc.

KEY FINDINGS

- The average radio market had 35.1% of the 12+ shares (Mon-Sun, 6A-MID) controlled by duopolies. In August the figure was 28.3%.
- The average radio market had 48.5% of the market's revenue controlled by duopolies. In August the figure was 39.2%.
- Medium markets continue to have the fastest rate of duopolization. Small markets still lag with large markets close to the average for all markets.

		<u>LARGE MARKETS</u> (1-25)	<u>MEDIUM MARKETS</u> (26-75)	<u>SMALL MARKETS</u> (76+)	<u>ALL MARKETS</u>
12+ Audience Shares:	FAL 94	34.5%	43.4%	29.1%	35.1%
	(SPG 94)	(31.8%)	(34.6%)	(22.7%)	(28.3%)
	(FAL 93)	(23.7%)	(28.2%)	(17.4%)	(21.8%)
Revenue Shares:	FAL 94	44.0%	60.5%	40.7%	48.5%
	(SPG 94)	(39.8%)	(47.9%)	(31.6%)	(39.2%)
	(FAL 93)	(30.6%)	(38.7%)	(24.5%)	(30.7%)

Markets with highest levels of 12+ audience shares controlled by duopolies*

1. Columbia, SC	74.7%	7. Indianapolis	68.6%	12. Denver	61.9%
2. Buffalo	73.9%	8. Rochester	67.2%	13. New Orleans	61.8%
3. Grand Rapids	73.5%	9. Richmond	64.3%	14. Green/Spart	60.7%
4. Nashville	72.8%	10. Austin	62.5%	15. Miami	59.3%
5. Louisville	71.7%	11. Albuquerque	62.3%	Greens/WS	59.3%
6. Fort Wayne	70.8%				

* Raw 12+ shares -- not adjusted for below-the-line listening nor for "lost listening."

continued on next page

Key Findings Continued. . .

Markets with highest levels of revenue controlled by duopolies

1. Columbia, SC	95.4%	7. Indianapolis	89.9%	12. Providence	84.2%
2. Buffalo	95.1%	8. Albuquerque	86.9%	13. Denver	83.6%
3. Grand Rapids	95.0%	9. Louisville	86.5%	14. Augusta, GA	82.6%
4. Fort Wayne	94.8%	10. Austin	85.7%	15. Spokane	81.9%
5. Portsmouth, NH	94.0%	11. Rochester	85.3%	16. Richmond	81.2%
6. Greens/WS	90.2%				

Individual duopolies with highest 12+ shares

1. Louisville	- Clear Ch/Snow.	33.9%
2. Charleston WV	- WV Radio	31.2%
3. Modesto	- Citadel	31.0%
4. Rockford	- Airplay	30.3%
	Syracuse - NewCity	30.3%
6. Baton Rouge	- Citywide	28.4%
7. Rochester	- Lincoln	28.0%
8. Allen-Beth	- CRB	27.2%
9. Sacramento	- Chancellor	27.0%
10. Cincinnati	- Jacor	26.9%
11. Montgomery	- Colonial	26.8%
	Grand Rps - WOOD-AF, WBCT-F	26.8%
13. Peoria	- Kelly	26.6%
14. Reno	- Citadel	26.5%

Individual duopolies with highest percentages of rev. in their market

1. New Haven	- Clear Channel	54.0%
2. Syracuse	- NewCity	50.3%
3. Modesto	- Citadel	49.6%
4. Akron	- WAKR, WONE, WQMX	48.6%
5. Flint	- Faircom	46.4%
6. Louisville	- Clear Ch/Snow.	46.3%
7. Stockton	- Silverado	44.9%
8. Montgomery	- Colonial	44.8%
9. Reno	- Citadel	43.9%
10. WB/Scranton	- Keymarket	43.8%
11. Rockford	- Airplay	43.0%
12. Cincinnati	- Jacor	42.8%
13. Spokane	- Citadel	40.9%
14. West Palm	- Fairbanks	40.6%

SOME OBSERVATIONS

American radio continues to duopolize at a rapid rate. In less than 2 1/2 years over 35% of 12+ audience shares are controlled by duopolies and 48.5% of revenues go to duopolized stations. This means that the duopolies' audience shares have increased by 24% (6.8 share points) in the six months since August 1994. The revenue shares have increased by about 24% (9.3 share points) in the same time periods.

In the last six months the pace of duopolizing has been the quickest in medium-sized markets (26-75 in population rank). Activity slowed in the large markets where duopolized shares increased by only about 8% and revenue shares by 10%. Station trading in large markets slowed in the last half of 1994 mostly because the inventory is limited and expensive. This contributed to the slow pace of duopolization in those markets.

Only 12 of these markets do not have any duopolies. In August there were 17 markets without duopolies and a year ago (Feb. 1994) there were 28. With the exception of Evansville, all of the markets without duopolies were shadowed or umbrella markets.

SOME PREDICTIONS

Last year I predicted that by this date duopolies would control 35% of 12+ shares and 44% of revenue shares in the markets I follow. Not bad! The actual figure was 35.1% and 48.5%. By the end of 1995 the figures will be about 50% of audience shares and 64% of revenue shares.

If we do not have further deregulation I think the duopolization process will be fairly mature by the end of 1997. At that time 60% to 65% of 12+ shares will be controlled by duopolies and perhaps 72% to 77% of revenue shares.

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Digital satellite broadcasting isn't expected to be major competitor to local radio stations, pres. of Radio Advertising Bureau (RAB) said Tues. RAB Pres. Gary Fries said following his "State of the Industry" speech to NAB convention that "satellite will only be able to do one thing — deliver music." He said consumers have had ability in their cars to hear high-quality music for some time through CD players, allowing listeners to play music that they, not satellite programmers, choose. In addition, Fries told us, consumers like commercials and localism from stations, contrasting that situation to satellite services, which he called "sterile." Fries' view diverges from testimony that NAB has given to Congress in support of legislation (S-652) which would lift national radio audience caps. NAB Pres. Edward Fritts has repeatedly testified that caps should be lifted to face competition from satellite that can beam 50 channels of music into local markets in competition with stations. But Fries said he doesn't see "on the horizon" satellite services replacing relationship of local radio to listeners. Fries also said that radio advertising is on strong upward trend, but stations should be aggressive in pursuing larger share of advertising dollar. Fries said radio last year passed Yellow Pages in ad revenue, should post 8%-9% growth this year: "Will this prosperity last? Yes." Fries said radio listenership has held steady through introduction of cassette and CD players in cars, and he said RAB will release survey soon showing more up-to-date figures reaching same conclusion. In his speech, Fries also commended Fritts and NAB Exec. Vp James May for helping to persuade Congress to pass legislation relieving radio stations of need for long disclaimers for rental cars. Task was hard because bill was in Banking Committee, which isn't usual field for NAB lobbyists, Fries said.

Broadcasting & Cable

Dec. 6 1993

East Tennessee: Local sports rules

In two small cities in east Tennessee—Clinton and Oak Ridge—Ron Meredith has built an AM-AM combination that serves two distinct audiences within one market. His stations both cover local sports with remarkable fidelity: even junior high games and junior varsity games are broadcast live.

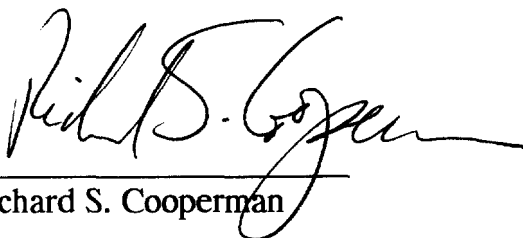
WATO, in Oak Ridge, had struggled under previous ownership, and even went dark briefly before Meredith bought it. Although there is little overlap in programming—WATO is news/talk, while WYSH programs country music—the stations share a single sales staff, production staff and three on-air announcers.

“With the advent of digital, with the expanded band, and with the different things the FCC is finally making some headway on to help AM, I see it as a gold mine,” says Meredith, who runs both stations with his wife Denise. “Where else do you have the chance to narrowcast to your community? If we want to talk about lost dogs on our stations, people will not only accept it, they’ll appreciate it.” ■

AFFIDAVIT OF RICHARD COOPERMAN

1. My name is Richard S. Cooperman. I am an engineer who is familiar with satellite communications. I have a particular expertise in technology involving the Satellite Digital Audio Radio Service ("SDARS").
2. I have read the Comments of Cracker Barrel Old Country Store, Inc. filed in this proceeding. In its Comments, Cracker Barrel asserts that, through the use of CDMA, it may be possible to accommodate up to 465 "compact disc quality," 128 kbps channels for nationwide (or CONUS) service in the 50 MHz of spectrum allocated to SDARS.
3. I can find no engineering support for this claim in Cracker Barrel's comments. This claim is a bare allegation and its technical underpinning is not revealed in the comments.
4. Given the current level of CDMA technology, it is not possible to accommodate 465 compact disc quality, 128 kbps channels for nationwide (or CONUS) service in the 50 MHz of spectrum allocated to SDARS.

I swear under penalty of perjury that the above statement is true to the best of my belief.


Richard S. Cooperman